FISCAL YEAR 2008

CITIZENS' REPORT
SUMMARY OF PERFORMANCE AND FINANCIAL RESULTS

Department of Defense

January 15, 2009

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Pursuant to the Office of Management and Budget (OMB) Circular A-136, this year's financial and performance reporting is following an OMB Pilot Program for Alternative Approaches to Performance and Accountability Reporting.

The pilot consists of three separate reports:

Annual Financial Report (AFR). The AFR consists of the Secretary's Message, Management's Discussion and Analysis, Financial Statements and Notes, the Audit Report, Major Management Challenges, and other required information. The AFR was published November 17, 2008, and is available at: http://www.defenselink.mil/comptroller/afr.

Annual Performance Report (APR). The APR contains more detailed performance information as required by the Government Performance and Results Act (GPRA). The APR will be available on January 15, 2009, at: http://www.defenselink.mil/comptroller/reports.html.

Citizens' Report. This document represents the Citizens' Report that summarizes key performance and financial information and is available at http://www.defenselink.mil/comptroller/docs/citizensreport.pdf

Message from the Deputy Secretary of Defense

The Department of Defense is pleased to submit the Citizens' Report summarizing DoD's performance and financial information for Fiscal Year 2008.

The Department is the largest and most complex institution in the Federal government. It also has the largest budget and the accompanying responsibility to properly manage those funds.

The report is a brief look at how the Department's fiscal affairs were managed in the past year. It is a summary of two more lengthy documents: the Agency Financial Report that was issued on November 17, 2008 and the Annual Performance Report that will be released January 15, 2009.

Together, these documents provide a comprehensive picture of the Department's ongoing efforts to ensure the effective use and full accountability of taxpayer resources. For your convenience, conclusions cited in both reports are contained in this shorter report.

The report includes a description of the Fiscal Year 2008 enterprise-level performance goals and progress on several strategic goals: fighting terrorism, reorienting capabilities and forces for the 21st century, and achieving unity of effort.

Also included is a brief summary of the Department's latest progress towards achieving government-wide objectives cited as part of the President's Management Agenda.

Thank you for your interest in this report. Hopefully, this information will be useful in explaining the Department's continuing efforts to ensure taxpayer's contributions are managed efficiently.

Gordon England

Deputy Secretary of Defense

Message from the Acting Chief Financial Officer

COMPTROLLER

As Acting Chief Financial Officer for the Department of Defense (DoD), I am providing an overview of DoD's financial position in this year's Citizens' Report.

The Department is devoted to improving the accuracy and reliability of its financial information and transforming our business processes and systems. The results of the effort are documented in this report and in the FY 2008 Agency Financial Report. It is a story of continual improvement in arguably the largest and most dynamic organization in the world. In FY 2008 the Department:

- *Met or exceeded 69% of enterprise-level performance targets for 2008.*
- *Reduced Managers' identified material weaknesses by 85% since 2001.*
- *Received an unqualified audit opinion on 38% of the Department's assets and liabilities. An additional 7% of assets and liabilities have been validated as audit ready.*
- *Updated the Department's Enterprise Transition Plan and the Financial Improvement and Audit Readiness Plan to improve financial management processes.*
- *Created the first DoD Strategic Management Plan to continue transformation of business operations within the Department.*

The Department's professional managers and operators are making remarkable improvements. While the task is far from complete, their efforts are improving efficiencies to ensure America's Armed Forces have the resources they need to protect and defend this great nation.

Douglas A. Brook

Acting Under Secretary of Defense (Comptroller)

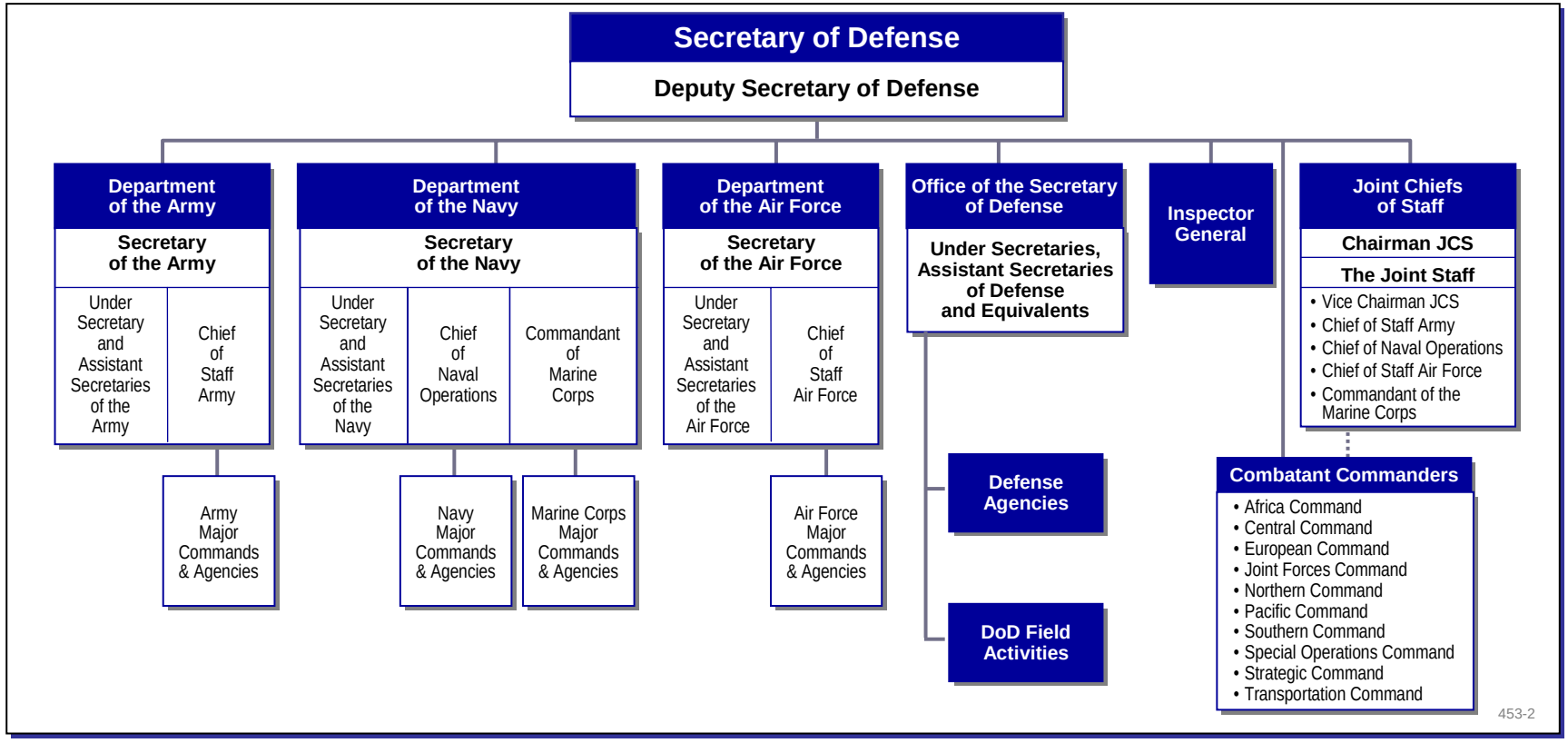
Mission and Organization

The mission of the Department of Defense (DoD) is to provide the military forces needed to deter war and to protect the security of our country. Defending the Nation against its enemies is the first and most fundamental obligation of the federal government, and the primary mission of the Department of Defense. Since the creation of America's first army in 1775, the Department has evolved to become a global presence, with individuals stationed in more than 146 countries dedicated to defending the United States and its interests around the world.

The Department embraces the core values of leadership, professionalism, and technical knowledge. Its employees are dedicated to duty, integrity, ethics, honor, courage, and commitment. Figure 1-1 presents the Department's structure.

In peacetime, the Department fulfills that mission by anticipating threats and challenges to the Nation's security, and training and equipping the forces needed to deter aggression and advance U.S. interests around the globe. In times of war, the Department fulfills that mission by achieving victory over enemies who threaten our freedom and way of life.

Figure 1-1. Secretary of Defense Organizational Structure



The Department of Defense is also responsible for deterring, detecting, and, if necessary, defeating attacks upon the U.S. homeland, its citizens, and key infrastructure from air, sea, space and cyberspace, and for working with civil authorities to help prevent or recover from attacks or natural disasters should they occur. In addition, the Department brings aid and humanitarian assistance to our own citizens as well as the victims of disasters worldwide.

The Department of Defense accomplishes its mission through component agencies and offices that administer various statutes and programs. The largest programs are carried out through the Departments of the Army, Navy, and Air Force. Figure 1-2 presents the missions of each of these core entities.

The Department follows the guidance of the President's National Security Strategy (NSS) and, in turn, the National Defense Strategy (NDS). The NSS identifies nine tasks. The Department plays a critical role in four of those tasks:

- Strengthening alliances to defeat global terrorism and working to prevent attacks against the U.S., our Allies, and our friends.
- Working with others to defuse regional conflicts, including conflict intervention.
- Preventing our enemies from threatening the U.S., our Allies, and our friends with weapons of mass destruction.
- Transforming America's national security institutions to meet the challenges and opportunities of the 21st century.

These tasks translate into several DoD mission areas supporting the common goal of protecting American lives and U.S. interests. The attacks of September 11, 2001, and subsequent events have awakened the Nation and the Department to the need for new modes of thinking and active measures to detect, disrupt, and respond to potential attacks, whether from terrorist groups, adversary states, or cyber attackers. The preeminent struggle of our time is the Global War on Terror and the global effort to defeat violent extremism.

Figure 1-2. The Military's Mission

Department of the Army

The mission of the Department of the Army is to provide organized, trained, and equipped ground and combat support forces to the Combatant Commanders in support of National Security and Defense Strategies.

Department of the Navy

The mission of the Department of the Navy is to develop, maintain, organize, train, and equip combat-ready Navy and Marine Corps forces capable of winning wars, deterring aggression, and maintaining freedom of the seas, both today and tomorrow.

Department of the Air Force

The mission of the United States Air Force is to fly, fight and win…in air, space and cyberspace.

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Budget, Performance, and Financial Snapshot

INTRODUCTION

The following section briefly summarizes the Department's budgeted programs and related spending, and gives a snapshot of key areas. The section includes a synopsis of the Department's financial condition along with a description of how well it performed under those conditions. It provides a quick picture of the performance and financial results along with plans for the future. A financial overview and a more detailed summary of the Department's goals and performance results are included in other sections of this report.

Personnel

In FY 2008, the Defense Department's Total Force included over 2.9 million men and women on active duty, civilians, and Reserve and Nation Guard, as well as hundreds of thousands of contract support employees.

Budgetary Resources

The Department budgeted $214,510 million during FY 2008 for its top five programs. The total outlays for the Department during FY 2008 were $594,599 million or $1,971 per taxpayer.

The Department currently receives a disclaimer audit opinion due to the limitations on the scope of work. The Inspector General has also identified 13 material weaknesses including Financial Management Systems, Fund Balance with Treasury, Accounts Receivable, Inventory, Operating Materiels and Supplies, General Property, Plant, and Equipment, Government-Furnished Material and Contractor-Acquired Material, Accounts Payable, Environmental Liabilities, Statement of Net Cost, Intragovernmental Eliminations, Other Accounting Entries, and the Reconciliation of Net Cost of Operations to Budget (See Figure 1-3).

Figure 1-3. Budget & Financial Snapshot

Total Spending

$ in Millions

	2005	2006	2007	2008	2009
Mandatory	741	533	1,101	2,171	2,902
Discretionary	473,631	498,824	528,774	592,428	617,457

Top 5 Programs By Budget

$ in Millions

	Military Force Management	Army Land Forces Readiness	Defense Health Care	Air Combat Program	Military Construction Programs
2008	114,722	40,007	24,044	18,000	17,737
2009	121,430	15,538	23,615	18,588	20,853

Financial Snapshot

$ in Billions

Unqualified Opinion on Financial Statements	No
Timely Financial Reporting	Yes
Material Weaknesses	13
Improper Payment Rate	0.6%
Total Assets	$1,658
Total Liabilities	$2,135
Net Cost of Operations	$676

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To improve financial operations, the Department updated its comprehensive Financial Improvement and Audit Readiness (FIAR) Plan and the Enterprise Transition Plan (ETP). Additional information on these plans can be found in the financial overview section of this document as well as on the DoD Comptroller Web site (See Appendix A).

PERFORMANCE SNAPSHOT

Accomplishments: The FY 2008 performance report includes 50 DoD-wide or enterprise-level performance targets and over 300 program-level targets distributed among DoD major mission areas. Available results data indicate that 69 percent of the enterprise-level targets were met or exceeded, 22 percent were not met but showed improvement over the prior year, and 9 percent of targets were not met (Figure 1-4). The results for 5 or 10% of the DoD-wide targets are not available until March 2009. Specific accomplishments are addressed in the Department's more detailed FY 2008 Annual Performance Report (See Appendix A).

Challenges: The Government Accountability Office (GAO) has identified 27 government-wide areas as "high risk" for fraud, waste, abuse, and mismanagement, or a need for broad-based transformations to address major economy, efficiency, or effectiveness challenges. DoD is exclusively responsible for nine areas that include Supply Chain Management, Weapon System Acquisition, Contract Management, Financial Management, Business System Modernization, Support and Infrastructure Management, Approach to Business Transformation, the Personnel Security Clearance Program, and Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests. See Appendix A for a complete "high risk" list on the GAO Web site.

Figure 1-4. Performance Goals Snapshot

	Performance Measure*	2006 Results	2007 Results	2008 Target	2008 Results	2008 Results	2009 Target
Strategic Goal: Fight the Long War on Terror To establish stable, democratic, and secure institutions for Iraq and Afghanistan to provide for their own security.	Cumulative number of Iraqi Security Forces (ISFs) trained	328,000	439,700	529,000	558,279	Met	588,000
Strategic Goal: Reorient Capabilities and Forces To deter or defeat against direct attacks to the U.S. homeland and to improve the capabilities of U.S. and international forces to deter and defend against transnational terrorist attacks.	Cumulative number of Army Brigade Combat Teams converted to a modular design and available to meet military operational demands	31	35	38	38	Met	47
Strategic Goal: Reshape the Defense Enterprise To improve organizational effectiveness, business practices, and processes in ways that better support the warfighter and provide the best possible value to the American taxpayer.	*Average customer wait time	18 days	17 days	15 days	16.5** days	Not Met But Improved	15 days
	*Average facilities sustainment	90%	90%	91%	90%	Did Not Meet	90%
Strategic Goal: Develop a 21st Century Total Force To maintain an all-volunteer military force, develop new skills, and rebalance capabilities for a ready and competent Total Force.	Percent variance in authorized active component end strength	-1.2%	0.9%	NTE 3.0%	2.1%	Met	NTE 3.0%
	Efficient force structure mix	19,061	17,794	24,611	26,046	Met	22,971
Strategic Goal: Achieve Unity of Effort To support and enable international and interagency partnerships by bringing to bear all elements of power to protect our national security interests.	*Annual number of Technology Security Actions processed	Not Available	116,017	118,337	118,367	Met	120,704

Performance measures with an (*) are linked to GAO's 2007 high-risk list and Performance Results with an (**) reflect estimated actuals. 453-42
The difference in resource levels for the Army Land Force Readiness Program include supplemental funding in FY 2008 that is excluded from the FY 2009 budget estimate.
Approximately 15% ($98.8 billion) of the total DoD budget (including $186.8 billion in supplemental funding) for FY 2008 ($673.4 billion) is not identified to any specific DoD Strategic Goal.
The Department is working with OMB on a methodology to capture the remaining 15% per strategic goal.

Fiscal Year 2008 Performance Highlights

DOD KEY PERFORMANCE OUTCOMES

The President's Management Agenda identifies the Performance Improvement Initiative (PII) as one of five government-wide initiatives to improve performance. This initiative focuses on outcomes for each strategic goal and re-emphasizing and implementing all statutory provisions of the Government Performance and Results Act (GPRA) of 1993. Since FY 2003, the Department has maintained a "yellow" rating for overall status of this initiative.

DoD Performance Budget Hierarchy

The Department's performance budget hierarchy is depicted in Figure 1-5. This hierarchy indicates that every level of DoD is accountable for measuring performance and delivering results. DoD investments in systems and other initiatives are aggregated to support strategic objectives at the enterprise-level.

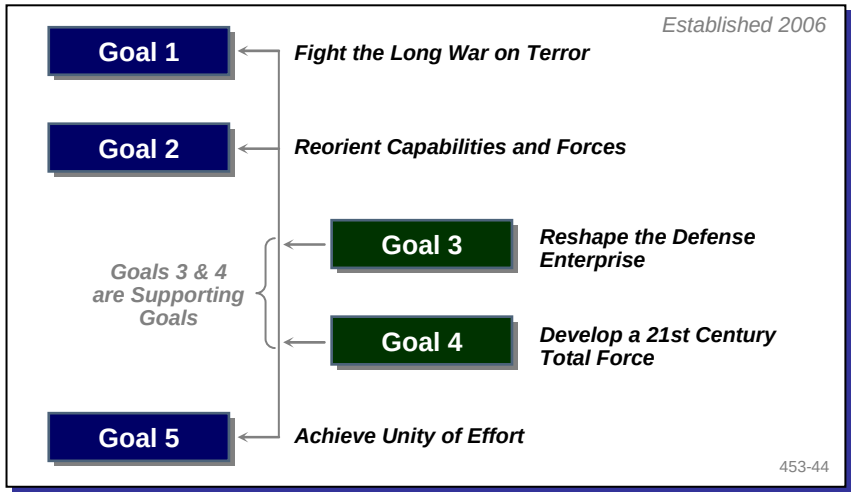
The DoD strategic objectives and performance targets (measures and milestones) are refined annually based on changes in missions and priorities. Such changes reflect the evolutionary nature of DoD's performance budget and the Department's ongoing efforts to link resource allocations to identifiable and measurable strategic outcomes.

Figure 1-5. Department of Defense Performance Budget Hierarchy

DoD Strategic Plan

The Quadrennial Defense Review (QDR) constitutes DoD's strategic plan. The QDR was the first contemporary defense review to coincide with an ongoing major conflict. Consequently, (Figure 1-6) Strategic Goal 1 focuses on the ongoing major conflict and extended stabilization campaigns in Iraq and Afghanistan. At the same time, the QDR recognized that the Department needed to recast its view of future warfare through the lens of a long duration and globally-distributed conflict. Therefore, Strategic Goal 2 focuses on reorienting the Armed Forces to deter and defend against transnational terrorists around the world. Strategic Goal 5 recognizes that DoD cannot meet today's complex challenges alone. This goal recognizes integrated security cooperation and strategic communication as additional tool sets the Combatant Commanders may use to fight wars. Together, these three goals encompass the Department's warfighting missions. Strategic Goals 3 and 4 focus on developing a Total Force and reshaping the defense infrastructure, respectively, in ways that better support the warfighter. The two supporting goals enable the Department to accomplish its warfighting goals.

Figure 1-6. QDR Strategic Goals



FY 2008 Performance Plan

In January 2007, the Department established a task force and Senior Review Group (SRG) to develop a limited number of high-priority, strategic objectives and performance targets at the joint- or enterprise-level. The task force and SRG included representatives from each OSD Principal Staff, the Joint Staff, and the Military Departments. As a result of their efforts, 17 supporting strategic objectives and 51 enterprise-level performance targets were developed for FY 2008. Based on priority changes, one FY 2008 performance target was subsequently deleted by the Under Secretary of Defense (Intelligence).

FY 2008 Key Performance Outcomes

The following tables depict 16 key, unclassified performance measures, targets, and results for FY 2008. The tables are organized by QDR Strategic Goal and Strategic Objective. A more detailed discussion of all 50 DoD enterprise-level performance results are identified in the Department's FY 2008 Annual Performance Report on the DoD Comptroller Web site (See Appendix A).

Strategic Goal 1: Fight the Long War on Terror

Since 2001, the Department has been engaged in developing the forces and capabilities of Iraq and Afghanistan in fighting the long war on terror. Two key outcomes focused on training Iraqi and Afghan National Security Forces are identified as primary indicators for transitioning the security of these two nations to the Iraqi and Afghan governments.

By the end of FY 2008, the Department exceeded its Iraqi Security Force performance target by approximately 6 percent (or 29,000 trainees). While the Department did not meet its target for training 152,000 Afghan National Security Forces, 19,000 more forces were trained in FY 2008 than FY 2007.

STRATEGIC GOAL 1: Fight The Long War On Terror

Strategic Objective 1.1: Conduct a large-scale, potentially long-duration irregular warfare campaign that includes counterinsurgency, security stability, transition, and reconstruction operations.

Performance Measures	Strategic Plan Long-term Performance Targets	Annual Performance Targets/Results		
		FY 2008 Target	FY 2008 Results	Assessment
1.1-1a: Cumulative number of Iraqi Security Forces trained.	1.1-1a: By FY 2009, DoD will train 588,000 Iraqi Security Forces.	529,000	558,279	Exceeded
1.1-1b: Cumulative number of Afghan National Security Forces (ANSFs) trained.	1.1-1b: By FY 2009, DoD will train 162,000 Afghan National Security Forces (ANSFs).	152,000	144,000	Not Met But Improved

Strategic Goal 2: Reorient Capabilities and Forces

Four key performance outcomes most reflect the Department's goal to reorient its capabilities and forces. Two of these outcomes relate to new DoD capabilities to assist in mitigating attacks on the U.S. personnel, facilities, and key assets. In FY 2008, the Department certified 53 National Guard Weapons of Mass Destruction-Civil Support Teams and trained 17 National Guard Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive Enhanced Response Force Packages. In addition, the Department met two other outcomes focused on transforming Army force structure by converting 38 Army Brigade Combat Teams (BCTs) and 188 Army Multi-functional and Functional Support Brigades to modular designs available to meet military operational missions.

Strategic Goal 3: Reshape the Defense Enterprise

The five performance outcomes described below represent the Department's key efforts at reshaping the Defense enterprise to improve the efficiency and effectiveness of DoD business operations. Four of these example outcomes align with ongoing efforts to remediate the high-risk management challenges identified for the Department by the GAO (See Appendix A).

STRATEGIC GOAL 2: Reorient Capabilities and Forces				
Strategic Objective 2.1: Deter or defeat direct attacks to the U.S. homeland and its territories and contribute toward the nation's response to the management of Weapons of Mass Destruction (WMD) or catastrophic event; Improve ability to respond to Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) attacks and improve the capability of interagency partners to contribute to our nation's security.				
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance Targets/Results**		
		FY 2008 Target	**FY 2008 Results**	**Assessment**
2.1-1: Number of National Guard Weapons of Mass Destruction –Civil Support Teams (WMD-CSTs) certified.	2.1-1: By FY 2008, 55 National Guard Weapons of Mass Destruction-Civil Support Teams (WMD-CSTs) will be certified.	55	53	Not Met But improved
2.1-2: Number of National Guard Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive (CBRNE) Enhanced Response Force Packages (CERFPs) trained.	2.1-2: By FY 2008, 17 National Guard Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive (CBRNE) Enhanced Response Force Packages (CERFPs) will be trained for WMD or other catastrophic responses.	17	17	Met
Strategic Objective 2.2: Deter and defend against transnational terrorists attacks and globally distributed aggressors and shape the choices of countries at strategic crossroads, while postured for a second, nearly simultaneous campaign.				
2.2-4a: Number of Army Brigades Combat Teams (BCTs) converted to a modular design and available to meet military operational demands.	2.2-4a: By FY 2014, 76 modular Army Brigade Combat Teams (BCTs) will be available to meet military operational demands.	38	38	Met
2.2-4b: Number of Army Multi-functional and Functional Support (MFF) brigades converted to a modular design and available to meet military operational demands.	2.2-4b: By FY 2013, 227 modular Army Multi-functional and Functional Support (MFF) brigades will be available to meet military operational demands.	187	188	Exceeded

The first outcome, average customer wait time, has been used by the DoD logistics community to improve joint warfighting support and demonstrates progress being made to address challenges in the Supply Chain Management risk area. The second key outcome reflects a reduction in the number of inadequate military family housing units in the U.S. in order to improve the quality of life for Service members and their families. This is an important element toward addressing the DoD Support Infrastructure Management high-risk area.

The third and fourth outcomes demonstrate an increase in DoD's financial audit readiness—a significant step in improving financial stewardship to the American taxpayer and one of the transformation priorities included in the GAO high-risk area of DoD Financial Management.

The final performance outcome shows how the Department's inventory of information technology systems are faring against information assurance standards. Progress in this area is essential to remediating the GAO high-risk area of Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests.

STRATEGIC GOAL 3: Reshape the Defense Enterprise				
Strategic Objective 3.3: Implement improved logistics operations to support joint warfighting priorities.				
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance Targets/Results**		
		FY 2008 Target	**FY 2008 Results**	**Assessment**
3.3-1: Average customer wait time.	3.3-1: Beginning in FY 2007, DoD will reduce average customer wait time to 15 days.	15 days	16.5 days	Not Met But Improved
Strategic Objective 3-4: Maintain capable, efficient, and cost-effective installations to support the DoD workforce.				
3.4-4a: Number of inadequate family housing units in CONUS.	3.4-4a: By FY 2009, DoD will eliminate all inadequate family housing in the continental United States (CONUS).	2,959	5,085	Not Met But Improved
Strategic Objective 3.5: Improve financial management and budget and performance integration to support strategic decisions and provide financial stewardship to the taxpayer.				
3.5-1a: Percent of audit-ready assets.	3.5-1a: By FY 2017, DoD will demonstrate that 100 percent of assets have achieved audit readiness.	23%	18%	Not Met But Improved
3.5-1b: Percent of audit-ready liabilities.	3.5-1b: By FY 2017, DoD will demonstrate that 100 percent of liabilities have achieved audit readiness.	51%	66%	Exceeded
Strategic Objective 3.6: Make information available on a network that people depend on and trust.				
3.6-2: Percent of applicable information technology (IT) and National Security Systems (NSS) programs that are FISMA-compliant.	3.6-2: By FY 2013, 95 percent of applicable information technology (IT) and National Security Systems (NSS) programs in the IT Repository will be FISMA-compliant.	90% or >	95%	Exceeded

Strategic Goal 4: Develop a 21st Century Total Force

Four key performance outcomes focus on sustaining the capacity of the All-Volunteer Force to prevail in the Global War on Terror. Two outcomes assess DoD active and reserve component end-strength against levels prescribed by the Secretary of Defense for mission accomplishment. For FY 2008, the Department successfully met both its active and reserve military strength targets. A third outcome measures how well the Military Health Service identifies significant medical conditions that would affect the availability of Service members to deploy.

The Department achieved 84 percent, 6 percent short of its 90 percent military deployment rate goal. The Army Reserve and Army National Guard account for most of the shortfall in meeting the Department's medically-ready target. The final key outcome measure for Goal 4 is the Department's ability to support the Combatant Commanders across the full spectrum of operations. In this area, the Department exceeded its 72 percent performance target by training 82.1 percent of combat units in joint warfighting doctrine.

STRATEGIC GOAL 4: Develop a 21st Century Total Force				
Strategic Objective 4.1: Ensure an "All Volunteer" military force is available to meet the steady-state and surge activities of the DoD.				
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance Targets/Results**		
		FY 2008 Target	**FY 2008 Results**	**Assessment**
4.1-1a: Percent variance in active component end strength.	4.1-1a: For each fiscal year, the DoD Active component end strength must not be less than (NLT) and not to exceed (NTE) three percent above the SECDEF prescribed end strength for that fiscal year.	NLT authorized /NTE +3% above SECDEF prescribed end strength	+2.1% above SECDEF prescribed end strength	Met
4.1-1b: Percent variance in Reserve component end strength.	4.1-1b: For each fiscal year, the DoD Reserve component end strength will not vary by more than two percent from the SECDEF prescribed end strength for that fiscal year.	+/-3% from SECDEF prescribed end strength	0% from SECDEF prescribed end strength	Met
4.1-2: Percent of deployable Armed Forces without any deployment- limiting medical condition.	4.1-2: By FY 2010, DoD will sustain the percent of deployable Armed Forces without any deployment-limiting medical condition to equal to or greater than 92 percent.	>90%	84%	Did Not Met
Strategic Objective 4.4: Improve workforce skills to meet mission requirements.				
4.4-2: Percent of deployed combat units receiving joint training in Joint National Training Center (JNTC) -accredited programs prior to arriving in theater.	4.4-2: By FY 2012, 80 percent of deployed combat units will participate in joint training at JNTC-accredited programs prior to arriving in theater.	72%	82.1%	Exceeded

Strategic Goal 5: Achieve Unity of Effort

This goal focuses on building the capacity of international partners in fighting the Global War on Terror by improving access to equipment, technology, and training. A single key DoD outcome focused on the number of technological and security reviews of goods and services approved for transfer to international partners. In FY 2008, the Department exceeded its performance target by approving 118,367 Technology Security Actions (TSAs), slightly more than the projected 118,337. This outcome supports the GAO-identified high-risk management area of Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests.

STRATEGIC GOAL 5: Achieve Unity of Effort

Strategic Objective 5.1: Build capacity of international partners in fighting the war on terror.

Performance Measures	Strategic Plan Long-term Performance Targets	Annual Performance Targets/Results		
		FY 2008 Target	FY 2008 Results	Assessment
5.1-1: Annual number of Technology Security Actions (TSAs) processed.	5.1-1: Beginning in FY 2007, DoD will increase the number of reviews of relevant technologies involving transfers to international partners by two percent per year.	118,337	118,367	Exceeded

PRESIDENT'S MANAGEMENT AGENDA

The President's Management Agenda (PMA) is an aggressive strategy for improving the management of the Federal government. The PMA provides managerial and operational discipline that leads to better results. The PMA includes five government-wide initiatives:

- Strategic Management of Human Capital
- Commercial Services Management
- Improved Financial Performance
- Electronic Government (e-Gov)
- Performance Improvement

Federal departments and agencies must: 1) define measurable results, 2) monitor the progress in achieving those results, and 3) make management and resource decisions based on such progress. Each quarter, agencies receive "stoplight" grades of green, yellow, or red from the Office of Management and Budget (OMB) on both their current status and progress toward meeting the standards for success established for each performance initiative. Although the Department's grades are mixed, DoD has made significant progress since the PMA's implementation. Figure 1-7 provides a summary of DoD's PMA results. Additional information is available on the OMB Web site (See Appendix A).

Figure 1-7. DoD Summary of PMA Results

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President's Management Agenda	Current Status		Progress Status	
	FY 2007	FY 2008	FY 2007	FY 2008
Strategic Management of Human Capital Maintain a competent, motivated, and mission-ready workforce to support and respond to emerging threats, now and in the future.	Yellow	Yellow	Green	Green
Commercial Services Management Help agencies improve the operation of their commercial functions using a variety of techniques including competitive sourcing and business process reengineering.	Yellow	Yellow	Yellow	Green
Improved Financial Performance Ensure transparency over the Department's finances - having timely and reliable financial information to make informed decisions about agency or program management. Transparency means knowing the costs and results of the Department's programs and operations and being able to judge the best return on investment.	Red	Red	Green	Red
Expanded E-Government Ensure that the Federal Government's $60 billion annual investment in information technology (IT) is well spent.	Yellow	Red	Red	Yellow
Performance Improvement Initiative The PMA Budget and Performance Integration Initiative, subsequently renamed Performance Improvement Initiative (PII), calls for a Government that is results-oriented - guided not by process but guided by performance.	Yellow	Yellow	Red	Red
Eliminating Improper Payments Initiative Strengthen financial management controls to better detect and prevent improper payments, thus enabling the DoD to better ensure the taxpayer dollar is put to the use the Congress intended.	Yellow	Yellow	Green	Green
Privatization of Military Housing Eliminate inadequate family housing and increase the quality of life for Service members and their families.	Yellow	Green	Green	Yellow
Real Property Management Initiative Help agencies efficiently manage the hundreds of billions of dollars in real property owned by the Federal Government.	Yellow	Yellow	Yellow	Green
Health Information Quality and Transparency Ensures pricing and quality health care information is shared with beneficiaries.	Red	Red	Green	Green

Strategic Management of Human Capital

The Department continues to make progress in maintaining a competent, mission-ready workforce. Current initiatives include an assessment of leadership competencies using a newly developed assessment tool. This tool evaluates data, measures the progress toward closing identified gaps, and assists in preparing improvement plans. In addition, the Department published DoD Directive 1403.03, a policy for "The Career Lifecycle Management of the Senior Executive Service Leaders within the Department of Defense." This policy requires talent management and succession planning to sustain the Department's career SES talent. The Department also reviewed its award program and updated its strategy for closing the competency gaps in acquisition.

Commercial Services Management

The Department continues to improve the management of commercial services using various tools to determine the most cost-effective business methods to perform these functions. During FY08, the DoD initiated public-private competitions encompassing over 4,000 positions. Full execution of these and all remaining in-progress competitions is expected to save taxpayers more than $800 million in operating costs across all performance periods. Other FY08 efficiency improvement efforts include the initiation of new high performing organization and business process reengineering efforts. The DoD has also begun to in-source work associated with inefficient contracts.

Improved Financial Performance

The Department has made significant progress in improving financial performance as evidenced by improving internal controls resulting in saving over $3 billion over 2 years, increasing DFAS productivity by 65 percent resulting in $369 million in savings, avoiding $308 million in interest penalties, and reducing material weaknesses by 85 percent from 116 to 17. The Department has also made progress in achieving audit readiness as demonstrated by 6 entities receiving an unqualified opinion[1] (38% of the Department assets and liabilities), 1 entity with a qualified opinion, and 1 entity validated as audit ready. In addition, the DoD has updated its comprehensive financial improvement plan by focusing it on both near-term and long-term priorities, critical audit impediments, and aligning it with business transformation initiatives. The Department is committed to continue improving financial performance.

Expanded E-Government

The Department is committed to making progress toward expanding E-Government Initiatives. The Department is leading implementation efforts of the Integrated Acquisition Environment (IAE) portfolio of capabilities supporting procurement and acquisition, grants, and vendor payment processes throughout the government. Transition to these systems is bringing the government closer to its goal of good management information with which to make key acquisitions decisions and provide transparency. These and other improvements facilitated by the IAE portfolio of capabilities streamline the procurement process for both the government and the vendors with whom we do business.

The Department of Defense made significant strides in maximizing applicants' ability to use Grants.gov. The Department also continued implementation of a workforce management focused on certification requirements using commercial certification programs enabling worldwide accessibility to training that meets industry, government, and international standards and accreditation requirements.

Performance Improvement Initiatives

In its ongoing efforts to improve performance, the Department defined an overarching management framework in its Strategic Management Plan, released in July (See Appendix A). In

[1] Office of Inspector General rendered an out-of-cycle unqualified audit opinion for the U.S. Army Corps of Engineers on November 17, 2008.

September, the Department established the Office of the Deputy Chief Management Officer, with responsibility for ensuring the efficiency and effectiveness of DoD-wide business operations. The Assistant Deputy Chief Management Officer serves as the DoD Performance Improvement Officer (PIO). The PIO monitors progress toward achieving the strategic outcomes defined in the Defense strategy, and leads the efforts to address the management "high risk" challenges identified by the Government Accountability Office.

Eliminating Improper Payments Initiative

The Department continues to demonstrate progress toward eliminating improper payments. During 2008, 96% of improper payments to deceased military retirees were recovered within 60 days. Improper payments for military health benefits are consistently less than 2% and show a decreasing trend. Implementation of quarterly reporting increased oversight of the travel pay program. The DoD also monitors improper payment programs through internal metrics to ensure continued progress.

Privatization of Military Housing

The Department continues to revitalize its family housing. Using privatization, it has leveraged appropriations by a factor of 10, generating $25 billion in housing construction with a government contribution only $2.5 billion. Private ownership and service member choice are expected to ensure that the housing remain in adequate condition for the next fifty years. Results for the military housing privatization initiative reflect the elimination of over 96% of its inadequate domestic housing units. Most of its goals for this initiative were achieved, and DoD continues to aggressively pursue future goals.

Real Property Management Initiative

DoD has made significant improvements in transformation of real property accountability business processes and systems. The Department has established standardized business processes, business rules, and data elements for real property assets to drive accurate, authoritative, comprehensive, secure, and timely enterprise-wide real property information. The Real Property Assets Database is being developed as the repository for DoD real property inventory data. Unique identifiers were established for all DoD-owned real property sites and assets to link individual real property assets to personnel, personal property, and environmental systems to ensure consistent reporting, accurate and complete information for asset management and financial reporting. The Department also completed the annual reporting of inventory for the 2008 Federal Real Property Profile capturing data prescribed by the Federal Real Property Council for the Department's more than 538,000 real property assets located worldwide. The Department made significant gains in its goal for eliminating over 62 million square feet of excess and obsolete facilities by FY 2013. In addition, 98% of the Base Realignment and Closure business plans were established and approved to serve as the baseline for determining implementation requirements.

Health Information Quality and Transparency

The Department has taken actions to improve the quality and transparency of health care information. In collaboration with Health and Human Services (HHS) and Veterans Affairs (VA), DoD helped develop quality metrics and methodologies for reporting harmonized measures of health information. DoD made available select clinical quality measures for conditions and procedures via a web site where beneficiaries can query by military treatment facility.

It is also the Department's goal to provide beneficiaries with updated electronic health records, enhance the quality of care by making available necessary health information, and empower the beneficiary to manage their healthcare needs. To date, DoD participated in the Nationwide Health Information Network to successfully exchange test information in a secure environment using nationally recognized interoperability health information technology standards. The Department also launched a pilot in partnership with the health divisions of Microsoft ™ and Google ™ to provide beneficiaries access for managing health information.

Financial Performance Overview

The Department reports its financial activities quarterly in Consolidated Financial Statements, prepared, to the extent possible, in accordance with U.S. generally accepted accounting principles and the financial reporting requirements of the U.S. Office of Management and Budget. The Department's financial statements are presented with the accompanying notes and other information in the Agency Financial Report, Section 2: Financial Information and can be found on the DoD Comptroller Web site (See Appendix A). This report provides a financial summary and should be assessed in conjunction with the related financial statements.

The Deputy Secretary of Defense has made financial management improvement and business transformation a priority. It is the Department's goal to improve financial management and provide information to assess performance and allocate resources. The Financial Improvement and Audit Readiness Plan (FIAR) and Enterprise Transition Plan (ETP) provide the approach and plan to drive these improvements. See Appendix A for the Web site addresses for these plans.

The FIAR Plan identifies financial management improvement objectives and ensures Component efforts are properly focused on financial management deficiencies, material weaknesses, internal controls, and audit impediments and are aligned with business transformation initiatives in the ETP. The FIAR Plan structures improvement efforts into incremental and prioritized areas and facilitates oversight, and monitoring of Component improvements.

The Department is also engaged in business transformation efforts to modernize its processes, systems, and information flows to support 21st century national security requirements. To help guide this undertaking, the Department established the Business Transformation Agency (BTA) and released its first ETP for the Business Enterprise Architecture in 2005. Over the past 3 years, the Department has made significant progress, not only in the improvements to business capabilities, but also in the fundamental ways in which it thinks about business operations and the methods to achieve transformation.

"We take our responsibility in this area very seriously, and we continually strive to ensure that DoD financial management is equal to the trust the public has placed in us."

Gordon England,
Deputy Secretary of Defense

Significant improvement has been achieved. Six DoD reporting entities including the U.S. Army Corps of Engineers[2] received unqualified audit opinions and the Medicare-Eligible Retiree Health Care Fund received a qualified opinion. In addition, at the Department-wide level, favorable reviews were received for the fourth consecutive year on three financial statement line items in FY 2008: 1) Investments, 2) Federal Employees' Compensation Act Liabilities, and 3) Appropriations Received.

Reshaping the Defense enterprise is a difficult task. However, the strategic landscape of the 21st century demands excellence across a broader set of national security challenges. With change comes turmoil, and achieving a desired vision requires determination and perseverance within the Department and, more importantly, in cooperation with Congress. As the Department emphasizes agility, flexibility, responsiveness, and effectiveness in the operational forces, the Department's organizations, processes, and practices must change to embody these characteristics and maximize support to the joint warfighter and the Commander in Chief.

[2] Office of Inspector General rendered an out-of-cycle unqualified audit opinion for the U.S. Army Corps of Engineers on November 17, 2008.

Assets

The consolidated Balance Sheet presents a status of the Department's financial condition as of September 30, 2008, including the assets, liabilities and resulting net position.

Figure 1-8 shows the breakdown of the Department's $1.7 trillion in assets. These assets represent amounts that the Department owns and manages. Assets increased $185.9 billion at the end of FY 2008, or 13 percent. This increase is largely attributable to increases in Fund Balance with Treasury (FBWT), Investments, and Military Equipment (Figure 1-9).

Funds with U.S. Treasury of $468.4 billion represent balances available to DoD for allowable expenditures. The increase in Fund Balance with Treasury was due to a $73.8 billion increase in appropriated funds primarily in support of the Global War on Terror. The Department was given these appropriations late in the fiscal year with insufficient time to fully obligate and outlay.

Figure 1-8. Summary of Assets

Assets *$ in Billions*

As of September 30, 2008 and 2007

	2008	2007
Funds with U.S. Treasury	$ 468.4	$ 396.5
Investments in Treasury Securities	396.4	335.1
Receivables, Net	9.3	9.1
Property, Plant and Equipment, Net	514.9	474.5
Inventory	236.0	224.9
Other	33.1	32.0
Total Assets	**$1,658.1**	**$1,472.1**

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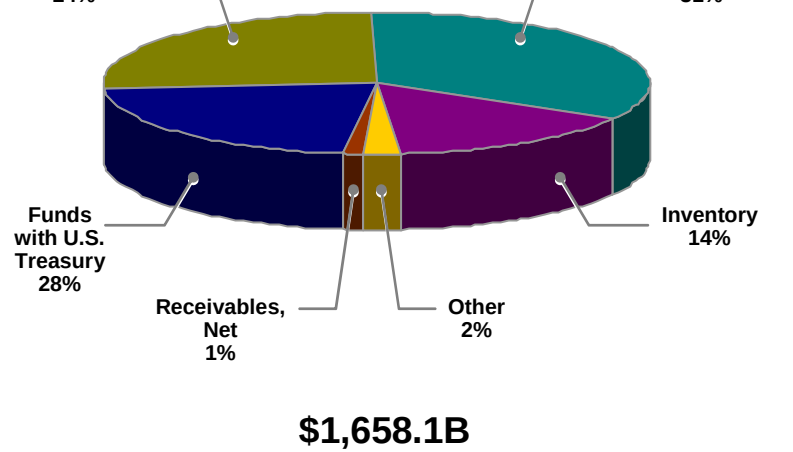
Figure 1-9. DoD Assets



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Investments of $396.4 billion represent invested balances in U.S. Treasury securities to cover unfunded portions of future military retirement and health benefits. The net increase in investments of $60.8 billion is related to expected normal growth where funds not needed to pay current benefits are held in separate trust and special funds and invested in U.S. Treasury securities.

Military Equipment of $380.3 billion represents approximately 74 percent of the Department's Property, Plant, and Equipment and comprises items such as weapon systems and other equipment designed for carrying out battlefield missions. Military Equipment increased $34 billion as a result of the receipt of combat vehicles such as Mine Resistant Ambush Protected (MRAP) vehicles, tanks, personnel carriers, other armored vehicles, and trucks, as well as ships and F-22 and C-17 aircraft.

Liabilities

The Department's liabilities total over $2.1 trillion dollars as presented in Figure 1-10. These liabilities consist primarily of actuarial liabilities related to military retirement pension and health care benefits.

The FY 2008 actuarial liability estimate increased due to a reduction in the interest rate assumption resulting from current economic conditions. The estimate totaled $2.0 trillion of which the U.S. Treasury will contribute $1.3 trillion to cover liabilities existing at inception of the programs. Invested U.S. Treasury securities currently cover approximately $378.9 billion. Figure 1-12 identifies the unfunded portions of liabilities requiring future resources.

Figure 1-11 displays asset and liability trends with the difference depicting the Department's net position. For FY 2008, liabilities exceed assets by $477 billion resulting in significant unfunded liabilities. While the liability presents the Department with a negative financial position, the U.S. Treasury will contribute the majority of the unfunded portion.

Figure 1-10. Summary of Liabilities and Net Position

Liabilities — *$ in Billions*

As of September 30, 2008 and 2007

	2008	2007
Accounts Payable and Other Liabilities	$ 79.9	$ 71.6
Military Retirement and Other Federal Employment Benefits	1,984.6	1,874.7
Environmental and Disposal Liabilities	70.5	72.5
Total Liabilities	**$2,135.0**	**$2,018.8**

Net Position

	2008	2007
Unexpended Appropriations	$ 446.9	$ 378.2
Cumulative Results of Operations	(923.8)	(924.8)
Total Net Position	**$ (476.9)**	**$ (546.6)**

453-41

Figure 1-11. Total Assets and Total Liabilities

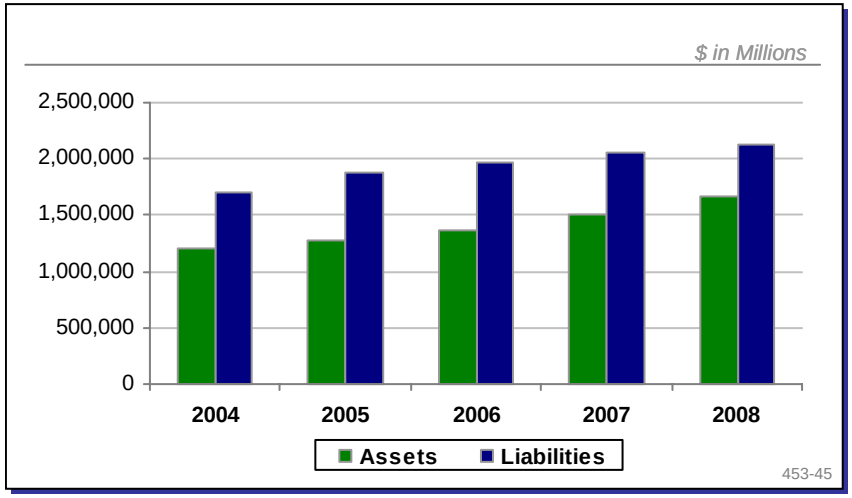
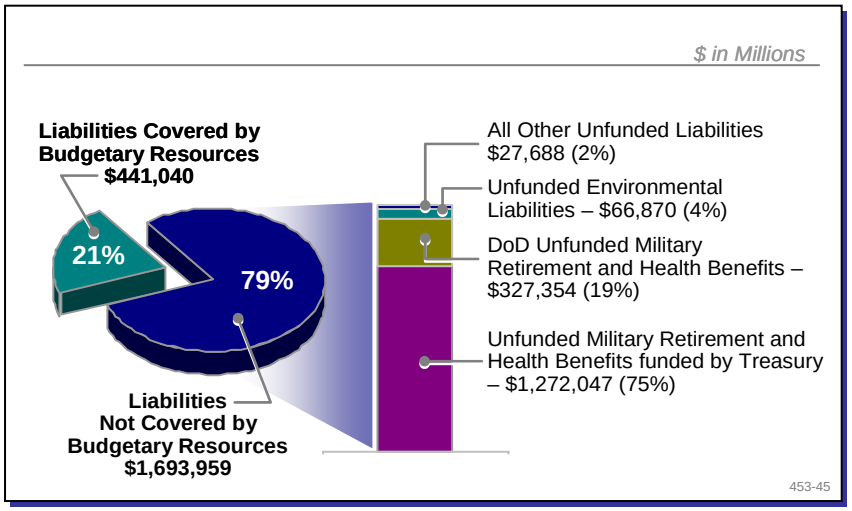


Figure 1-12. Unfunded Liabilities



Net Cost of Operations

The net cost of operations (Figure 1-13) represents the difference between the costs incurred less earned revenue. This is essentially equivalent to the Department's outlays, accrued liabilities and accounts payable less capitalized asset purchases.

The majority of funding used to cover costs is received through congressional appropriations and reimbursement for the provision of goods or services to other federal agencies. Negative Net Cost of Operations generally reflects reimbursable earnings were the program's revenue exceeded costs.

Figure 1-13. Summary Of Consolidated Statement Of Net Cost

Net Cost Of Major Programs *$ in Billions*

For the Years Ending September 30, 2008 and 2007

	2008	2007
Department of the Army	$ 190.5	$168.9
Department of the Army Working Capital Fund	(0.9)	(2.5)
Department of the Navy	139.9	147.8
Department of the Navy Working Capital Fund	3.1	1.3
Department of the Air Force	142.2	136.7
Department of the Air Force Working Capital Fund	(0.3)	0.3
Military Retirement Fund	90.4	51.9
Medicare Eligible Retiree Health Care Fund	(41.1)	(45.5)
Other Defense Organizations	157.5	146.3
U.S. Army Corps of Engineer	6.6	6.5
Total Net Cost	**687.9**	**611.7**
Less Eliminations	(11.9)	(10.3)
Net Cost of Operations	**676.0**	**601.4**

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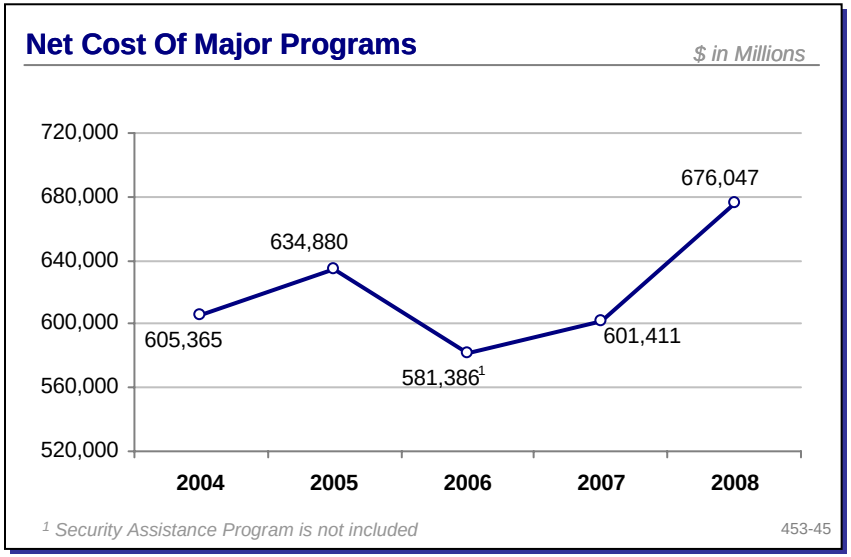
Figure 1-14. Net Cost of Operations



The Department's net cost of operations during FY 2008 totaled $676.0 billion. This represents an increase of $74.6 billion, or 12 percent from last year (Figure 1-14).

Military Retirement Benefits accounted for the majority of the FY 2008 increase in cost. This increase is due largely to the growth in actuarial liabilities resulting from a reduction in the interest rate assumption that affects the value of investments available to pay benefits.

Also contributing to the increase in net cost are the operation and maintenance costs for base operations support related to troop readiness and increased requirements of the Global War on Terror.

MANAGEMENT CHALLENGES

Each year, DoD Inspector General identifies Major Management Challenges in the Department that affect the achievement of performance goals, accountability to the American taxpayers, and potentially the ability to defend America. These challenges are in addition to the GAO's list of government-wide high-risk management areas (See Appendix A).

This year's list includes 7 major Management Challenges that focus on the successful management of performance and financial data, procurement integrity, and the ability to develop and secure information technology systems. Additional details of these challenges and management's assessment is available in the FY 2008 Agency Financial Report and can be found on the DoD Comptroller Web site (See Appendix A). The following segments highlight key challenges and the associated management actions to date.

1. Financial Management

Challenges: The Department continues to face financial management challenges that adversely affect DoD's ability to provide reliable, timely, and useful financial and managerial data needed to support operating, budgeting, and policy decisions. Serious financial management problems at the Department of Defense is one of three major impediments preventing the U.S. Government from obtaining an opinion on its consolidated financial statements.

Actions Taken: Although DoD is far from reaching an unqualified opinion, the Department has demonstrated improvement as evident by the additional unqualified audit opinion for the U.S. Army Corps of Engineers and 38% of the Department's assets and liabilities receiving an unqualified audit opinion. The Department's corrective action plan is provided in the FIAR Plan and the ETP. The Department's ongoing initiatives in the area of financial management improvement indicate that DoD management is responding to the significant and pervasive financial management issues.

2. Acquisition Processes and Contract Management

Challenges: Since 1990 and 1992, respectively, GAO has designated DoD Weapon Systems Acquisition and Contract Management as high-risk areas. Acquisition initiatives in the 1990s led to a nearly 50 percent reduction in the acquisition oversight workforce from 460,516 to 230,556 personnel. When the spending trend dramatically reversed after September 11, 2001 the Department was not able to react quickly to the need for more contract and oversight support. The emphasis on urgency to support the war effort, especially for contracting in an expeditionary environment, has increased the challenges. Although a number of initiatives are underway to address the challenges, progress in training and equipping more contract officials within DoD to handle the increased workload will take time.

Actions Taken: A number of initiatives are underway to address this challenge. The Department's near-term initiative included a contracting competency assessment of the military and civilian contracting workforce intended to address the challenges that face the acquisition workforce. The Department has partially or fully implemented 48 of the 55 recommendations for improving acquisition processes by institutionalizing various policies to enhance the effectiveness of the acquisition business process for major weapon acquisitions. The Department also published policy addressing interagency contracting issues affecting contract decision making. In addition, the Department has developed tools such as the Contingency Contracting Training Handbook, procurement fraud indicator training, and contingency contracting courses to improve contract decision making. The DoD's commitment to a long-range vision and the continued accomplishment of near-term initiatives will ensure both immediate and long-term improvements in contracting and contract management in expeditionary operations.

3. Joint Warfighting and Readiness

Challenges: The strain on resources created by Operation Iraqi Freedom and Operation Enduring Freedom compound the

challenge to provide the right force, the right personnel, and the right equipment and supplies in the right place, at the right time, and in the right quantity, across the full range of military operations. Alignment of resources, transformation of the armed services, and transformation of logistics capabilities are key elements to meeting this challenge. The Department is making progress, but progress must be monitored to ensure that it continues.

Actions Taken: Our Armed forces continue to transform effectively to meet today's dynamic and volatile environment. Concurrent with transformation, the services train and certify their forces prior to deployment to any contingency area. The Program Executive Office Soldier was activated to ensure soldiers are equipped for combat readiness. Global Force Management processes were implemented to effectively manage operational demands with mission-ready forces. An assessment of our resourcing strategies and risk mitigation is improving our understanding of the appropriate alignment of resources to maximize readiness. The Department continues to adapt its transformation initiatives for the benefit of the Services and Joint Forces.

4. Information Assurance, Security and Privacy

Challenges: Ensuring that a robust risk management, security and information assurance program is in place is a significant on-going challenge to the Department. This includes protection of DoD information in the hands of contractors and the appropriate response to data breaches involving both privacy protected data, such as personally-identifiable information, and sensitive but unclassified information, such as contractor proprietary information.

Actions Taken: The Department continues to improve the management of information-related risks. These improvements include expanded deployment of scanning and remediation tools to detect and counter cyber-threats to the DoD enterprise in real-time, and ground-breaking policy guidance addressing the protection of information in the possession of contractors. The Department also issued policy requiring that all data on mobile computing devices not designated for public release be encrypted, and that such technology be available on new mobile computing assets acquired unless justified in writing.

5. Health Care

Challenges: The DoD Military Health System faces the challenge of providing quality care for approximately 9.2 million eligible beneficiaries. The increased frequency and duration of military deployment further stresses the Military Health System in both the Active and Reserve Components. Issues magnifying this challenge include oversight of costs, medical readiness, continuum of care transition to Veterans Affairs, information sharing, Base Realignment and Closure (BRAC), and humanitarian assistance. The new Military Health System Strategic Plan (May 2008) recognizes many of these challenges and provides a roadmap for progress in meeting the challenges.

Actions Taken: The Department has several significant accomplishments to report. To control costs the Department obtained authority to use federal ceiling drug prices which limits the prices manufacturers can charge for brand-name drugs. The Department is also promoting wider use of the TRICARE Mail Order Pharmacy, and is economizing through the use of generic drugs. The Military Health System Strategic Plan was completed in 2008, and recognizes continuum of care as a strategic priority. To this end, in FY 2008 the Department established the Senior Oversight Council to monitor all aspects of care, and the Armed Forces Health Surveillance Center to track the health of service members. A deadline was also established to provide a plan for paperless health records, and work with VA continues with a joint assessment project to determine the best approach for sharing inpatient electronic records, setting the stage for interoperability with other agencies and the private sector. The Department also broke ground for the new Walter Reed National Military Medical Center in July, 2008. In addition, under BRAC, the headquarters functions of Health Affairs, TRICARE Management Activity and the Military

Service Medical Commands will be collocated. The co-location should enhance unity of purpose and provide for greater consistency in services provided.

6. Equipping and Training Iraqi and Afghan Security Forces

Challenges: The Iraqi and Afghan security forces lack the ability to conduct numerous tasks without Coalition enablers, which also severely restricts their ability to defend against external threats. They continue to experience shortfalls in self-sustaining logistics and generating officer and noncommissioned officer personnel to meet requirements, and many units lack the personnel, equipment, and reliable vehicles to conduct operations without Coalition support. Significant progress is being made but much work remains before these security forces can operate independently without Coalition support.

Actions Taken: The Iraqi Joint Forces are addressing their leadership shortages through training and recruitment efforts. Officer training and development are improving. The four Military Academies are graduating enough cadets to meet Iraqi needs, however tactical training is limited. The Iraqis have also recognized the need for a Non-Commissioned Officer (NCO) Corps, and have developed an NCO education system. To staff the Corps more quickly they are vetting former regime officers and NCOs for approval to rejoin the force.

The Afghan government recognizes the need, and continues to pursue expansion of the Afghan National Security Forces. The government has approved a plan to double the size of the Army, to 134,000 by 2014. The Afghan National Police are also slated to grow from 77,000 to an end-strength of 82,000.

Iraqi and Afghan force logistics unit development is also progressing. Iraqi dependency on Coalition Forces will be reduced by the accelerated fielding of motor transport regiments. The Iraqis have fielded twelve transport regiments through 2008. The Afghan implementation of the Focused District Development (FDD) program has also improved logistics capabilities by ensuring equipment is properly issued and accounted for; as of September 2008, 31 Districts completed FDD training, with six validated as capable of independent operations.

7. Nuclear Enterprise

Challenges: Since the end of the Cold War, there has been a dramatic decline in the level and intensity of focus on the nuclear enterprise and the nuclear mission. The Department needs to refocus on the nuclear enterprise by creating an environment that emphasizes the nuclear mission, identifies key deficiencies and methods for improvement, develops corrective action plans, and provides adequate funding and leadership to ensure implementation. The Department has begun to take initial steps to address and reverse the nuclear enterprise decline.

Actions Taken: The Department is aggressively implementing changes to organizational structure, processes, and procedures to improve the security of nuclear forces and senior leaders' focus on the nuclear mission. The Department has established the following committees to oversee actions that will ensure the proper level of leadership, commitment, effort and resources applied to correct the problems identified from various reports and studies. They include the DoD Senior National Security Presidential Directive-28 Oversight Committee, and the joint DoD/DOE Nuclear Weapons Council, both chaired by the Under Secretary of Defense (USD) (Acquisition, Technology & Logistics) (AT&L); as well as the Interagency Nuclear Command and Control System Committee of Principals, chaired by the Deputy Secretary of Defense. The Department has reviewed and is enhancing logistics processes for the nuclear weapons enterprise that identifies, manages, and accounts for all nuclear weapons and sensitive nuclear weapons-related material. These improvements will be incorporated into DoD Directives and Service/Agency-level policies. The USD (AT&L) staff will monitor processes through full implementation.

Appendix A: Useful Web Sites for Relevant Information

Web Address and Report Description
www.defenselink.mil • Main DoD Web site, and links to other DoD Web sites.
www.defenselink.mil/comptroller The DoD Comptroller Web site includes: • Agency Financial Report - Provides the President, Congress, Federal departments and the American public with an overview of the Department's financial condition. • Annual Performance Report - Contains details of the Department's performance results and progress in achieving its strategic goals. • Citizen's Report - Summarizes the Department's mission, key goals, budget allocation, and progress on key performance goals linking to the strategic goals. • Congressional Budget Justification - The Department of Defense's budget request to Congress. • Financial Improvement and Audit Readiness Plan - Describes the Department's strategy for improving financial management and reports progress in achieving financial statement audit readiness.
www.defenselink.mil/dbt The DoD's Business Transformation Agency Web site includes: • Business Enterprise Architecture - Blueprints processes, data, data standards, business rules, operating requirements, and information exchanges for management activities. • Enterprise Transition Plan - Sets the defense business systems modernization strategy and defines the target systems environment. • Strategic Management Plan - Provides governance and management framework to deliver effective and efficient support to the warfighter.
www.defenselink.mil/qdr/report/Report20060203.pdf • Quadrennial Defense Review - Dated February 6, 2006, this is the Department's strategic plan.
www.whitehouse.gov/omb • President Management's Agenda (www.whitehouse.gov/results/agenda/scorecard.html) - Provides progress report for implementing management initiatives. • GAO Management High Risk (www.whitehouse.gov/omb/expectmore/issue_summary/issues.html) - Identify GAO high risk areas

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